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USAID AGRIFUTURO PROJECT QUARTERLY PERFORMANCE MONITORING REPORT ANNUAL PROGRESS REPORT OCTOBER 10 – SEPTEMBER 2011



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USAID AGRIFUTURO PROGRAM ANNUAL PERFORMANCE MONITORING REPORT

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ACRONYMS

ACA	African Cashew Alliance
ACAFANA	Associação de Camponeses das Famílias de Nawotxe
ACi	African Cashew Initiative
AGRA	Alliance for Green Revolution in Africa
AgCLIR	Agriculture Enabling Environment- Commercial Legal and Institutional Reform
AICAJU	Instituto do Cajú
ALIMI	Empresa De Comercialização De Produtos Agrícolas
AMOMA	Associação Moçambicana de Madereiros
AMPCM	Associação Moçambicana para Promoção do Cooperativismo Moderno
AMPIA	Associação Moçambicana de Provedores de Insumos
APAC	Associação de Promoção de Agricultura Comercial
ASAM	Commercial Farmers Association of Manica Province
ASC	Agribusiness Service Clusters
BAGC	Beira Agriculture Growth Corridor
BCI	Banco Comercial Internacional
BDS	Business Development Services
BMGF	Bill and Melinda Gates Foundation
BOM	Banco de Oportunidade de Moçambique
CAL	Corredor Agro Lda.
CDN	Corredor de Desenvolvimento de Nacala
CEPAGRI	Centro de Promoção de Agricultura
CISTER	Agribusiness Private Company
CLUSA	Cooperative League of the USA
COP	Chief of Party
COPSA	Cooperativa de Prestação de Serviços de Mecanização Agrícola
COTR	Contracting Officer's Technical Representative
CTV	Centro Terra Viva
DCA	Development Credit Authority
DSV	Departamento de Sanidade Vegetal
DUAT	Direito de Uso e Aproveitamento de Terra
EAM	Empreendimentos Agrários de Moçambique
ECF	Emergent Commercial Farmers

EED	Enabling Environment Director
ENVIROTRADE	The commercialized carbon credits in Mozambique
FIDG	Forestry Industrial Development Group
FOSCs	Farmer Owned Service Centers
FRUTISUL	Associação dos Fruticultores do Sul de Moçambique
GAP	Good Agricultural Practices
GDI	Grupo de Desenvolvimento Industrial
GoM	Government of the Republic of Mozambique
GIZ	German International Cooperation
IIAM	Agrarian Research Institute of Mozambique
IKURU	Mozambican Farmer Owned Company
INCAJU	Instituto do Cajú
ISPM	Instituto Superior Politécnico de Moçambique
IPEME	Instituto de Promoção de Pequenas e Médias Empresas
M&E	Monitoring and Evaluation
MAP	Molocué Agro Processamento
MINAG	Ministério da Agricultura
MOU	Memorandum of Understanding
NH	Novos Horizontes
ORAM	Organização Rural de Ajuda Mutua
RDI	Research Development Implementation
SANA	Clusa, Africare, and Save the Children Consortium
SNV	Dutch Development Aid
SOGIZA	Sociedade de Gestão e Investimentos da Zambézia
SOW	Scope of Work
STTA	Short Term Technical Assistance
TNS	TechnoServe
ToR	Terms of Reference
USAID	United State Agency for International Development
VCL	Value Chain Leader

I. EXECUTIVE SUMMARY

BACKGROUND ON AGRIFUTURO FY11 ACTIVITIES

This annual progress report for the AgriFUTURO Project, implemented by Abt Associates, lead contractor, CLUSA, TechnoServe and Wingerts Consulting, covers the period from October 1, 2010 through September 30, 2011. Actual activities are reported for the period from July through September and the Performance indicators for the entire FY11.

Despite administrative constraints outlined below, the Project had an excellent quarter during this period of high commercialization. Year-to-date, most of the revised annual targets have been achieved or surpassed. Comparing actual achievements to the original indicator targets, the Project has also succeeded in surpassing all but three indicators, (Private Sector Investment, New Exports, and Financing Mobilized). Project accomplishments for the year reflect the successful turn-around under new management, the dedicated work of value chain leaders in both corridors, the integration of partner efforts, and the determination of the Enabling Environment Director.

However, the achievement/surpassing of annual targets also reflects the inclusion of results from approximately 22,000 small holders in Niassa and Angonia as well as the results of good maize sales for the year. Unfortunately, under the new FtF guidance, maize results and the 22,000 Tete/Niassa farmers will be excluded making it much more difficult to achieve such positive results in the next year. The exclusion of the Angonia District of Tete, the most productive of the Project's geographical areas, will have the largest negative effect on project results. Angonia soy sales alone, contributed approximately \$3.1mm to Purchases from Smallholders. Maize sales from all territories also contributed \$5mm to the same indicator target. While, the Project will do its best to make up the loss of maize with beans and the loss of Angonia and Niassa farmers with those in Zambezia, it must be acknowledged that many more Zambebian farmers must be identified to work with the Project to make up for the loss of 22,000. And, to date, smallholders in Zambezia are at a much lower productivity and organizational levels than those currently included in the project.

The project encountered difficulties in project implementation due to the loss of 3 project staff and delays in STTA and LTТА approvals. Two staff members, under suspicion of fraud, resigned including the Communications Officer. Delays in the approval process have delayed implementation of key elements in the Project's revised Action Plan, specifically in the cashew value chain and in business training for associations and cooperatives. For grants, a delay in procurement also caused implementation problems in starting field services such as tillage, etc. in key areas.

The Project is addressing these deficiencies by

- a) Planning, to the extent possible, all STTA hiring at least one quarter in advance and bundling all requests into a package for CO review;
- b) The Project has submitted a revised Grant Manual for CO review. The revisions, once approved, will make the granting and procurement process more transparent and less cumbersome.

OVERVIEW OF PROJECT OBJECTIVES AND EXPECTED RESULTS

The AgriFUTURO Project has nine performance indicators. The results for the Fiscal year 2011, compared to the annual targets are presented in Table I. AgriFUTURO and its subcontractors helped generate US\$34,798,148 in sales from smallholders (farmers' associations and enterprise sales during the period of October 2010 to September 2011). In aggregate, 120% of the annual target was achieved. New jobs created reached 128% of the annual target and rural households benefitting totaled 291% of the annual target. With some data still unaccounted for, to date, approximately 73% of the exports value target was achieved. Private sector investments for the year reached 123%. Highlights are listed in Table I below.

TABLE I. ANNUAL PERFORMANCE INDICATOR AGAINST THE PROJECT TARGETS, FY2011

<i>Performance Indicator:</i>	<i>End of FY 2011:</i>		<i>% ach. against new target:</i>	<i>Observation</i>
Value of incremental sales	New Target	\$29,060,000	120%	Target achieved
	Actual	\$34,798,148		
Jobs Attributed to AgriFUTURO	New Target	17,255	93%	Target not achieved
	Actual	16,113		
Rural Household benefitted	New Target	54,235	126%	Target achieved
	Actual	68,334		
Value of Exports	New Target	\$24,437,000	73%	Not achieved
	Actual	\$17,835,286		
Private Sector Investment	New Target	\$19,877,000	123%	Target achieved
	Actual	\$24,474,125		
Enabling Environment Reform Actions Taken	New Target	8	188%	Target achieved
	Actual	15		
# of Private Firms and Producer Associations	New Target	210	1399%	Target achieved
	Actual	2,938		
Value of Ag and Rural Loans	New Target	\$2,521,000	94%	Not achieved
	Actual	\$2,364,093		
Number of PPPs established	New Target	18	88%	Not achieved
	Actual	16		

Source: AgriFUTURO, September 2011

I.I HIGHLIGHTS AND ACHIEVEMENTS

• Port Study

Nacala Port Critical Path Analysis: A joint initiative with IPEX, the analysis reviewed each step and cost of the exportation process from “farm gate” to embarkation of the container ship. The study was undertaken from July to September in order to identify constraints and inefficiencies. The analysis consisted of the following steps:

- ✓ Step 1: A thorough assessment, using the banana company, Matanuska, as the exporting enterprise, of the exporters' process of loading bananas and getting them to the port and onto the container ship ;
- ✓ Step 2: A key stakeholder review and validation of the study's assessments of the process. This was done to insure that the findings of the study would accurately portray the steps taken by the exporter, transporters and the port.

- ✓ Review and recommendations for priority actions and for the development of a work plan;

Finalized recommendations and development of action plans for implementation will be the final step during a stakeholders meeting to be held in Nampula in early October. This stakeholders meeting will include port partners, private sector companies and GOM. However, it is important to know that based on AgriFUTURO's efforts, there is a much improved relationship between the Port of Nacala and Matanuska.

- **FACIM**

AgriFUTURO participated in FACIM, the annual government international trade fair, held in Maputo. The Project supported participation of Project beneficiaries from both corridors. Not only has the Agriculture Directorate of Nampula Province written the project a thank you letter, but as a result of Project support, one of the farmers representing Manica, Sr. Peter of Sementes Nzara Yaperá, will be the key farmer introduced to President Guebuza during the opening of the Manica agricultural season. Peter has said he will publicly thank AgriFUTURO during his presentation to the President.

- **Irrigation Systems**

Through Project assistance two irrigation systems have been offered to Project beneficiaries. One in Nacala Corridor has been offered by the Provincial Government of Nampula to Multifrutas, the company that has agreed to establish an MD2 nursery. The other system is being given by the Manica Provincial government to Sr. Peter of Sementes Nzara Yaperá.

- **PAC meeting**

The first PAC meeting was held in early September with participation of USAID, and GOM representatives, CEPAGRI and IPEX. During the meeting, it decided to expand the number of PAC participants. While the expansion of the PAC will be discussed more thoroughly during the next PAC meeting on December 13th, it was decided to hold a "Friends of Agribusiness" forum to discuss ways various stakeholders (GOM, private sector, and donors) could push forward selected enabling environment initiatives. The "Friends of Agribusiness" meeting will be held October 11th.

- **AgCLIR**

AgCLIR was finalized and sent to GOM, donors, private sector companies and several other interested stakeholders. During September, the EE Director and COP participated in a presentation and discussion of AgCLIR recommendations with EU representatives. The EU representatives were very appreciative of the information and agreed that AgCLIR should be presented to a larger body of stakeholders in the near future. This will take place sometime in the next quarter.

Through the "Friends of Agribusiness" forum, the Project plans to push several of AgCLIR's recommendations. This initiative will be driven by AgriFUTURO but implemented by Government entities such as CEPAGRI and IPEX.

I.2 COMPARISON TARGETS VERSUS ACTUAL BY VALUE CHAIN

Grain and Oil seeds:

This group includes grains (soybeans, and maize) and oilseed crops (sesame and groundnuts) for which the project facilitated sales in local and international markets. The data has been collected from producer organizations, emerging farmers, associations and cooperatives. The Project mobilized resources, organizing contracts and marketing to traders and small and medium enterprises.

Approximately 3,680 jobs related to the marketing process of grains and oilseeds during this quarter.

Given the demand for services in marketing activities, the number of beneficiaries increased this quarter. Such services included mobilization of financial resources, transportation logistics, and assembling associations and cooperatives to deliver agreed quantities.

NACALA CORRIDOR:

Soybeans:

Value of sales: Soybeans were mostly sold in the district of Gurué (Zambézia Province) in partnership with the Prosoja Project (Gates funded) and IKURU. In total this corridor contributed 5,688.5 tons of volume valued at US\$ 3,259,440. The main buyers were: King Frango (based in Nampula), Alif Quimica (based in Zambézia), Lucky Comercial, Saide Comercial, Abilio Antunes (based in Manica) and João Ferreira dos Santos (Based in Nampula).

Rural finance loans (finance mobilized): The project helped to leverage US\$ 300,000 in financing for IKURU this quarter. These funds were used mainly for commercialization of soy, strengthening the company's capital and ensuring a smooth process.

Groundnuts:

Groundnuts are primarily produced and sold in the Nacala Corridor and purchased mostly from small farmers in Nampula with a small part (4.4 tons) from Nipepe, Niassa Province based on a contract between the ALIMI Cooperative and the Portuguese company CISTER. The main buyers in Nampula are local traders such as: Sete e Meio, Gulamo and Gani Groups and IKURU.

Value of sales: Commercialization continues into the new quarter. However, total gross sales for the 4th quarter of FY11 are valued at US\$ 1,097,134, resulting from the sale of 1.684 M tons.

New jobs, families and firms benefited: This value chain generated 535 new jobs, and an increment of 11,226 household families benefitted. The number of firms assisted in the quarter also increased in the order of 1.387.

Value of Exports: Exports registered on groundnuts were from IKURU who, through Project interventions identified a new market in the Netherlands where 54 tons were sold valued at US\$ 81,000.

Sesame:

Value of sales from smallholders: The big players for this value chain are ALIMI Cooperative in south of Niassa, Olam, and IKURU. These three businesses purchased approximately 1,139 tons from small producers valued at US\$ 1,325,888. With Project assistance, OLINUTO, a small commercial farming company, helped the forum FACANA's smallholder producers generate US\$ 18,558.

We are awaiting final results from Corredor Agro, who were not able to produce quarterly data as of this writing. Once included in year-end results, the final production, sales and families benefited should significantly increase.

New Jobs and family benefited: Sesame contributed to the creation of 55 jobs associated with post – harvesting and marketing activities. Sesame production, with Project assistance, benefited 6,211 rural families.

Value of exports: Through project assistance, IKURU was able to export 18 tons of sesame to the Netherlands. Sales to this new market were valued at US\$ 1,450/MT for a total export value of US\$ 26,000.

Cashew:

This value chain is assisted by TechnoServe (TNS) and most of the activities are distributed between Nampula and Zambézia Provinces where cashew processing plants are located. Due to delays in TNS STTA and LTTA approvals, the project has fallen one quarter behind its planned cashew activities as outlined in the revised Action Plan. Therefore, most project activities continued to focus on the establishment of standards of quality assurance.

Value of sales from smallholder: IKURU purchased 127 tons of cashew from smallholders valued at US\$ 1,124,185. In turn, IKURU exported 120 tons to fair trade markets through Twin Trading in England at \$141,000 per 15 ton container, representing US\$ 1,128,000 in exports. Another three cashew processing plants (MAP, IPCCM and CONDOR NUTS) exported approximately 105 tons of cashew valued at US\$ 1,080,000.

The Project sponsored 4 participants in the annual African cashew conference held in the Gambia. The participants led by partner TNS staff, agreed that the conference was extremely beneficial. One participant, Sr. Teotónio, head of the OLINUTO (potential ASC) was particularly enthusiastic as he is working with the Forum FACANA to establish a cashew nursery in Nampula. Another participant, Don Larson, who is starting a nut roasting company in Maputo (but purchasing from small holders in the north found the conference and contacts particularly useful.

Maize:

The main source of maize in regional terms is Gurué district in Zambézia Province. The project works with the ALIMI Cooperative in Cuamba (southern Niassa). In the northern region of Nampula, the Project works with IKURU in partnership with the WFP.

Value of sales from smallholder: This value chain performed well with the sale of 3,542 tons of maize resulting in US\$ 553,119 in value. Associations working with IKURU had World Food Programme (WFP) contracts and, through Project intervention, have improved the quality of grain sold and increased the price paid to smallholders.

In addition, AgriFUTURO, partnering with the SANA project, facilitated purchase contracts for maize produced by smallholders, resulting in US\$ 608,431.

New Jobs and family benefited: This value chain created approximately 364 new jobs and benefited 5,490 rural families through Project assistance.

BEIRA CORRIDOR:

Soybean:

Value of sales from smallholder: Angónia associations sold nearly 3,140 tons. Principal buyers were the poultry companies (Novos Horizontes and Abílio Antunes) and TNS. The price varied between 18 – 24 Mts/kg. Approximately 3,500 tons were sold to local buyers and some was marketed informally to Malawi.

Prio Foods, a Project ASC, traded 300 tons valued at US\$ 230,769 to TechnoServe. Prio Foods worked with 800 smallholders and created approximately 150 jobs in the production, harvesting, and marketing process.

In Barue, Abilio Antunes purchased approximately 301 tons of soy. 180 tons came from Manica associations Nhampassa, Chindengue and Honde. Total value of these purchases was US\$ 113,210

Maize:

The market dynamics for the maize value chain reflects the growing influence of the main buyers in Manica and Tete Provinces, DECA, WFP, PANNAR, MOZPEX and V & M.

Value of sales from smallholder: 19,683 tons was sold generating a gross value of US\$4,602,015. Associations in Angónia excelled by far when compared to associations in other districts of the two provinces. Table I, demonstrates that sales from Angónia associations represent (68%) of total maize sales within the corridor with 13,000 tons of maize traded domestically. In addition, an estimated 6,000 tons of Angónia maize was marketed in neighboring Malawi due to the low prices offered by local buyers. In total, Angónia is estimated to have contributed approximately with 20,000 tons in maize production. A major driver in recent maize production is that many associations have purchasing contracts with WFP and production loans from BOM.

TABLE I. VOLUME AND VALUES OF MAIZE TRADE WITHIN BEIRA CORRIDOR

Provinces	Sales from Associations	Volumes traded (in tons)	Value in USD received by the associations	Price (Mts/kg)
Manica	Barue	3.562	685,009	4.5 – 5.0
Manica	Dombe	900	174,267.12	
Tete	Angónia	13.000	3,115,384	

Source: AgriFUTURO, September 2011

In terms of rural households benefiting, in Angónia alone the project assisted approximately 5,353 families from five associations including 1,441 women.

Another Project ASC, Phoenix, working with emerging farmers sold 36 tons of maize seed to Dengo Comercial at 16 Mts/Kg, resulting in US\$ 21,333 in value. Dengo an important input provider, also bought approximately 895 tons of maize seed in the districts of Barué, Manica and Gondola totaling US\$ 430,926 in value.

The Project FOSC, Cooperative KKU failed to get credit for marketing activities and started buying late in the commercialization season. Nevertheless, to date, KKU has traded 416.5 tons valued at US\$65,364.5) assisting approximately 1,001 families.

Sesame:

Value of sales from smallholder: Dombe associations have been major participant in the sesame value chain. During the last month of the quarter, most of the associations were still harvesting and drying. However, some already have purchase agreements with SUNSMILE, a company in the Beira corridor. The company provided scales, bags and US\$ 20,000 in credit for the associations to make purchases

from members. At the point where the project closed its reports, SUNSMILE had purchased 119 tons of sesame valued at US\$123,263. The price of sesame varied between 27 and 30 Mts/kg.

Another important player is OLAM that bought 2,300 tons for US\$ 2,388,461 from smallholders in the districts of Muaza and Búzi in Sofala Province and Barué in Manica Province.

OLAM had Project support in identifying new areas to expand production. AgriFUTURO has also facilitated linkages between OLAM and Dombe associations including execution of a sesame production and marketing agreement for the next crop calendar.

For sale as seed, Dengo Commercial, an input provider, bought 22.3 tons of sesame from Barue producers valued at US\$30,019.

Emerging farmers are still in the process of harvesting. The ASC in Vanduzi that includes 5 emerging farmers, planted 23 hectares and the ASC in Manica with 7 emerging farmers planted 43 ha. The results will be included next quarter.

Frutas:

Value of sales from smallholder and New Jobs generated: Banana: *Frutas de Ouro* Company sold approximately 184 tons valued at US\$ 30,474 in Tete Province.: This Company created 24 new jobs between July and September. The Banana association, Macate, sold 7.2 tons valued at US\$ 2,769 to the local Shoprite. This quarter is the first time that we are collecting domestic sales from banana firms.

Mangoes: The mango trees are now blooming and there are good estimates for production this year. The main challenges are ensuring the GLOBALGAP certification. Therefore, activities on pest control and training in pesticide handling, first aid, and improving the storage of pesticides continue.

During this reporting period 9 jobs were created.

1.3 CONSTRAINTS ENCOUNTERED DURING IMPLEMENTATION

Please see the Executive Summary. As mentioned problems with staff resignations and significant delays in STTA and LTTA approvals have been the most serious constraints to implementing the program according to the revised Action Plan. Also, due to contract requirements timely procurement of grantee equipment continues to be problematic.

2. AGRIFUTURO COMPONENT ACTIVITIES

2.1 IMPROVE THE ENABLING ENVIRONMENT FOR AGRIBUSINESS

DEVELOP A STAKEHOLDER BASE FOR CHANGE

- The project continues to work towards the formation of fruit associations in the north and center of Mozambique. A consultant was contracted to review the sustainability plan of FrutiCentro in the Beira Corridor. The review was completed, pending the final report with recommendations.
- The conversion of associations into cooperatives in Beira corridor started during this quarter. Three cooperatives were assessed from Angónia, Barué and Dombe. The result of the assessment concludes that two of the associations were ready to go thru the conversion process which will commence in the next quarter. The third association needs additional coaching before beginning the cooperative establishment process.
- The project continues to work in partnership with GIZ, to support AICAJU. The project contracted two consultants to work with AICAJU and smallholders on the capacity building. The activities aim to prepare smallholders for integration into AICAJU membership. As a result of this assistance, three processors have been linked with pilot groups to start selling cashews. The consultants have also been working with AICAJU to assist them in this integration process so that they will understand the needs of smallholders.

DEVELOP A NATIONAL COMPETITIVENESS STRATEGY

- AgCLIR report was distributed and discussed with various forums: The EU, Friends of Agribusiness, presented at the PAC, and posted to the project website.
- The Project worked with USAID and CEPAGRI to establish a “Friends of Agribusiness” Forum. The purpose of the forum is to create working groups of private sector, donor and GOM representatives to support agribusiness initiatives within the government.

DEVELOP A NATIONAL COMPETITIVENESS REFORM AGENDA

- Fruit fly: Surveillance and monitoring of the fruit fly continues in the central region, specifically in Manica Province. The tests on green banana as a host of fruit fly was completed and the technical report will be drafted during the next quarter. In Partnership with the Ministry of Agriculture and the University Eduardo Mondlane and financed by USDA and USAID, a Fruit Fly Management Project in Mozambique was launched.
- Aflatoxin: Efforts to establish a mycotoxin lab at UNILURIO continue. In partnership with the Ministry of Agriculture, IITA, University Eduardo Mondlane and UNILURIO and financed by USDA and USAID, the AFLASAFE project is being launched in Mozambique. It is hoped that UNILURIO will house the project but there is still difficulty in finalizing construction plan for UNILURIO's new lab.

2.2 EXPAND AND STRENGTHEN AGRIBUSINESS DEVELOPMENT SERVICES

DEVELOP VALUE CHAIN-FOCUSED AND, PRIVATE SECTOR-RUN AGRIBUSINESS SERVICE CLUSTERS (ASC) AND FARMER OWNED SERVICE (FOSC)

In both corridors, AgriFUTURO has been assisting our ASCs and FOSCs in wrapping up last season's efforts and preparing for the coming season. An issue of particular concern has been the management of credit and the establishment of access to working capital in the future. To address this, we have developed a complete, management accounting system for medium and small farmers, which will be implemented in the coming season and for which special training sessions will be conducted.

Links with market outlets and banks have been a major area of activity in both corridors. Entities such as Vinson G&G, Phoenix, OLINOTU, FACANA, CISTER, IKURU, Corredor Agro, and Lozane Farms have all been assisted some with better results than others. Special market linkages with domestic entities such as OLAM, Alif Quimico, Prio Foods and others have been arranged and we are working with entities beyond the borders of Mozambique, such as SA Groundnut, with the same objective in mind.

AgriFUTURO has worked with Banco Terra, Banco Oportunidad de Mozambique (BOM), Standard Bank, and others, as well as John Deere and Standard Bank/CredAgro, and in cooperation with such entities as AGRA, CLUSA/ProSoja to access farmer credit.

As of this writing, the Program has support relationships with 8 ASCs and 3 FOSCs in the Beira Corridor, and in the Nacala Corridor we have relations with 3 FOSCs (and 8 in the pipeline) and 3 strong ASCs with another in the pipeline.

BIODIVERSITY INITIATIVES

In Bio-Diversity initiatives, the Project continues to work towards launching initiatives with two projects: Gorongoza G&G in the buffer zone of Gorongoza Park that has great promise and an ASC project in the Muanza area that will relocate at least 70 families from Gorongoza Park and help them to establish farms with and ASC in full support mode. Both projects have received the full endorsement of Gorongoza Park's administration. Less certain, but at least in the works, is the possibility of a cashew tree planting project in the buffer zone of Gile Park in Zambézia, again designed to attract families that are living in the designated park area out of it while helping to influence farmers outside the park to set up in the buffer zone rather than going directly into the park itself.

HELP AGRIBUSINESS FIRMS ACCESS FINANCING

Assist Agribusiness Firms Seeking Access to Finance:

The joint effort with John Deere and Standard Bank identified a number of potential leasing candidates. The constraint had been the bank's unwillingness to recognize the considerable risk dilution being offered by Agra and John Deere. Notwithstanding, the proposed interest rates for the leases have been reduced but down-payment requirements, guarantees, etc. show no appreciable deviation from regular market terms. This is still being negotiated but remains disappointing as the deal now stands. However, the leasing interest rate to be charged at 19.5%, given the Central Bank's minimal bank deposit requirement of 16.5%, is not that bad.

AgriFUTURO continues to negotiate with Banco Terra, Barclays and Pro Credit to try to obtain working capital lines of credit for our “clients”. All profess interest but seem to shy away from actually offering credits to associations and emerging farmers.

2.3 INCREASE AND STRENGTHEN PUBLIC/PRIVATE PARTNERSHIPS

- The Project signed a MoU with Multifrutas, a local company operating within the Nacala Corridor. Through this partnership, Multifrutas and AgriFUTURO will develop the MD2 pineapple, a high export value crop. The project also leveraged efforts with the Provincial government to assist Multifrutas in acquisition of an irrigation system that will add value to the project.
- There are other MoUs in the pipeline that will be signed in the next quarter: John Deer, LOZANE Farm, GAPI, MADAL, SA groundnuts, and Abilio Antunes.

2.4 MEDIA ACTIVITIES AND COVERAGE:

- AgriFUTURO’s participation at the annual international trade fair in Maputo (FACIM) was televised including the President’s stop at the AgriFUTURO booth.
- Press releases were drafted for both the aflatoxin and fruit fly conferences held in Maputo in September.

3. MAJOR UPCOMING EVENTS/ACTIONS FOR THE NEXT QUARTER

- The 2nd **PAC** meeting
- Friends of Agribusiness meeting
- Partners meeting
- The participation to the first world cashew Expo in conjunction with 5th CACA annual conference
- The project participation in FACIM (International trade fair)
- Stakeholder workshop to validate the results of the path analysis of the port
- Finalize the work plan
- Work on the new PMP based on the new guidelines from the mission
- Develop work plans with ASC s

4. ANNEX A: PERFORMANCE INDICATOR

Performance Indicator		Fiscal Year 2011					New target (PMP Revised in June)	% of actual achievement against the new targets	% of actual achievement against the old targets
		Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep				
		1st	2nd	3rd	4th	Total			
Value of incremental sales at farm gate	Target					\$18,200,000	\$ 29,060,000		
	Actual	\$251,561	\$600,163	\$13,863,687	\$20,082,737	\$ 34,798,148		120%	191%
Volume of incremental sales - Metric Tons	Target					0	N/A	N/A	
	Actual	457	2435	\$ 28,258	\$ 41,305	72,455			
Jobs Attributed to AgriFUTURO	Target					16,345	17,255		
	Actual	132	2,814	5,091	8,076	16,113		93%	99%
- men	Target					11,747	10,051		
	Actual	115	2,392	2,892	6,886	12,283		122%	105%
- women	Target					4,598	7,204		
	Actual	17	422	2,199	1,190	3,828		53%	83%
Rural Households Benefited (cumulative)	Target					49,504	54,235		
	Actual	43,515	1,230	8,169	15,430	68,334		126%	138%
- male head of household	Target					30,243	36,018		
	Actual	24,739	1,136	5,113	10,601	41,589		115%	138%
- female head of household	Target					19,262	18,217		
	Actual	18,776	94	3,056	4,829	26,755		147%	139%
Value of Exports	Target					\$50,905,000	\$ 24,437,000		
	Actual	\$232,000	\$2,571,140	\$5,181,947	\$9,850,199	17,835,286		73%	35%
- International (outside of Southern Africa)	Target					\$43,975,000			
	Actual	\$127,800	\$2,571,140	\$4,651,130	\$5,795,000	13,145,070			
- Regional (Southern Africa)	Target					\$6,930,000			
	Actual	\$104,200	\$0	\$530,817	\$4,055,199	\$ 4,690,216			
Private Sector Investment	Target					\$31,800,000	\$ 19,877,000		
	Actual	\$564,297	\$5,820,000	\$10,928,000	\$7,161,828	24,474,125		123%	77%
Enabling Environment Reform Actions Taken	Target					2			
	Actual	0	0	0	0	0			
# of Private Firms and Producer Associations	Target					200	210		
	Actual	14	175	886	1,481	2,556		1217%	1278%
Value of Ag and Rural Loans	Target					30,000,000	\$ 2,521,000		
	Actual	\$734,850	\$228,653	\$348,217	\$1,052,373	2,364,093		94%	8%
Number of PPPs Established	Target					7	18		
	Actual	0	5	0	0	5			

5. ANNEX C: INDIVIDUAL PERFORMANCE

FIGURE 1: TOTAL VALUE OF PURCHASE FROM SMALLHOLDER

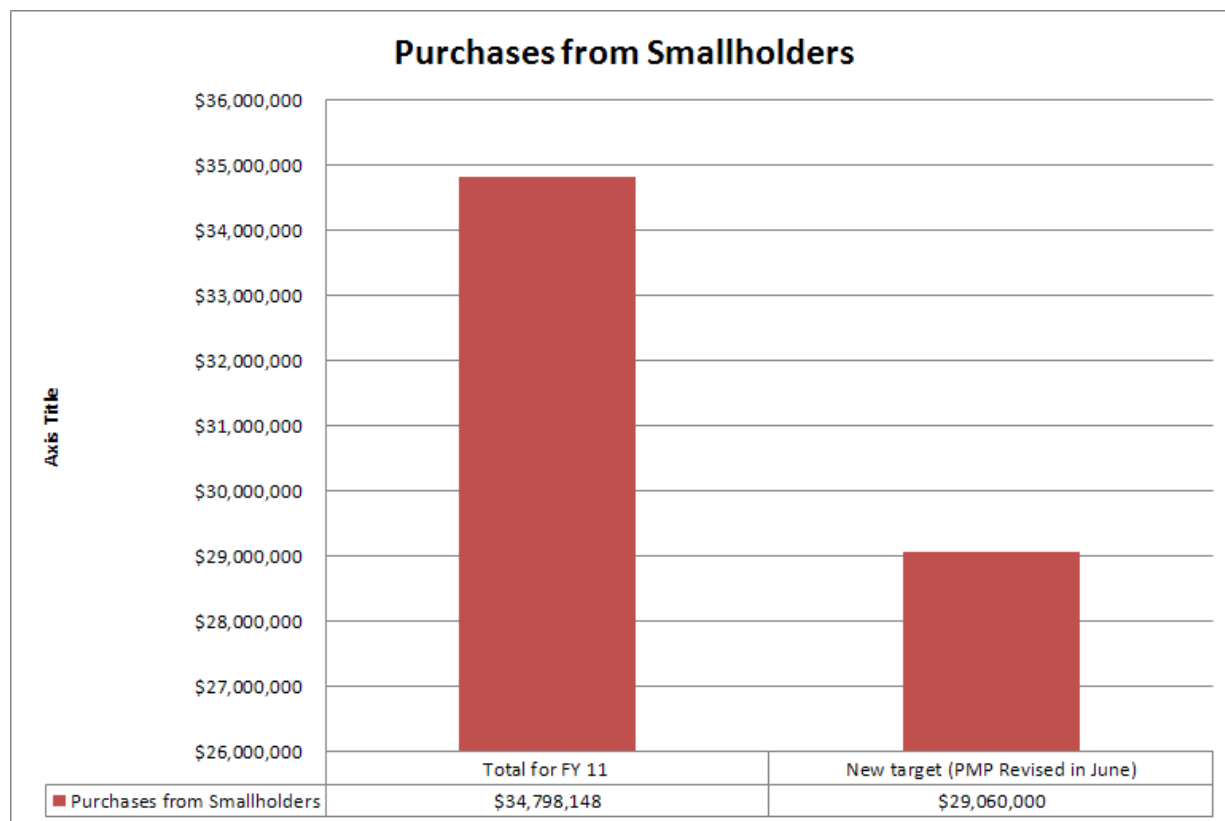


FIGURE 2: NUMBER OF JOBS CREATED

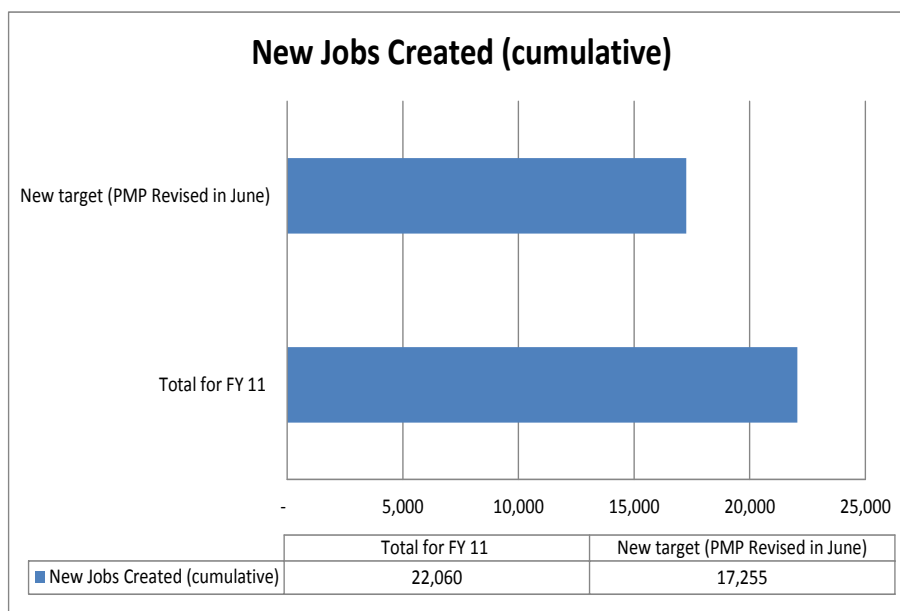
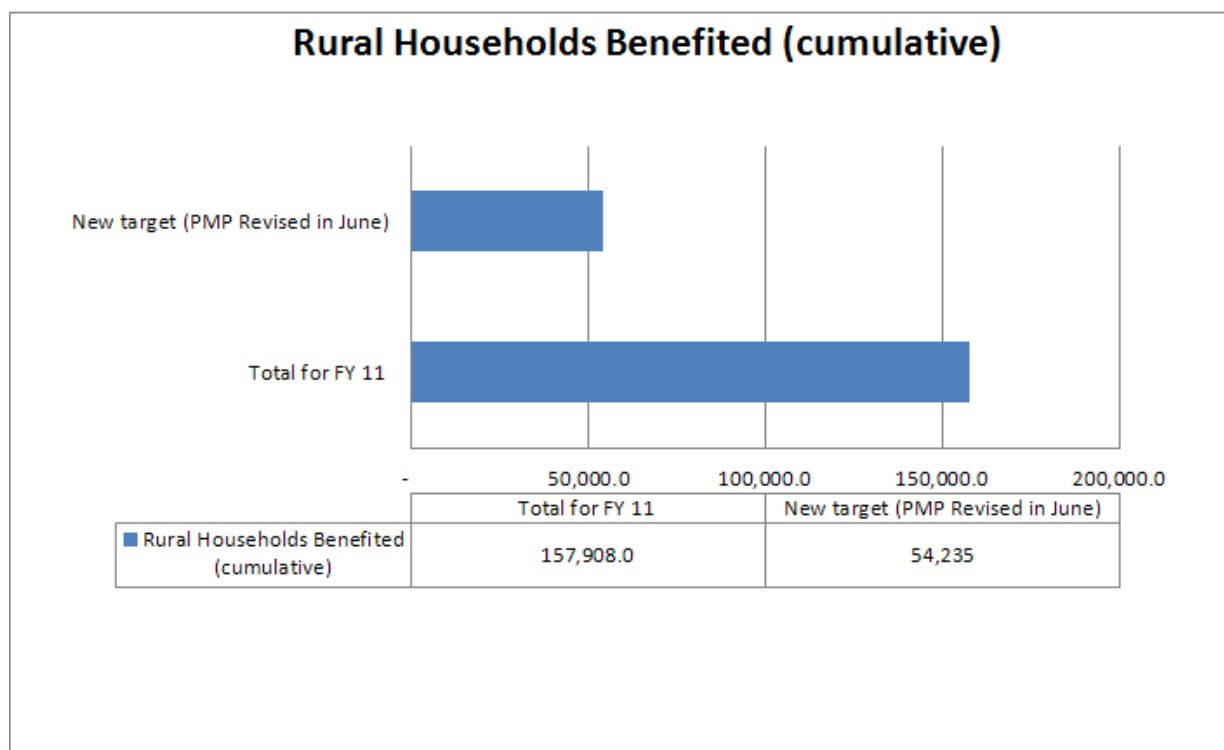


FIGURE 3:RURAL HOUSEHOLD BENEFFITED



Source: AgriFUTURO,October 2011

FIGURE4: VALUE OF NEW INTERNATIONAL EXPORTS

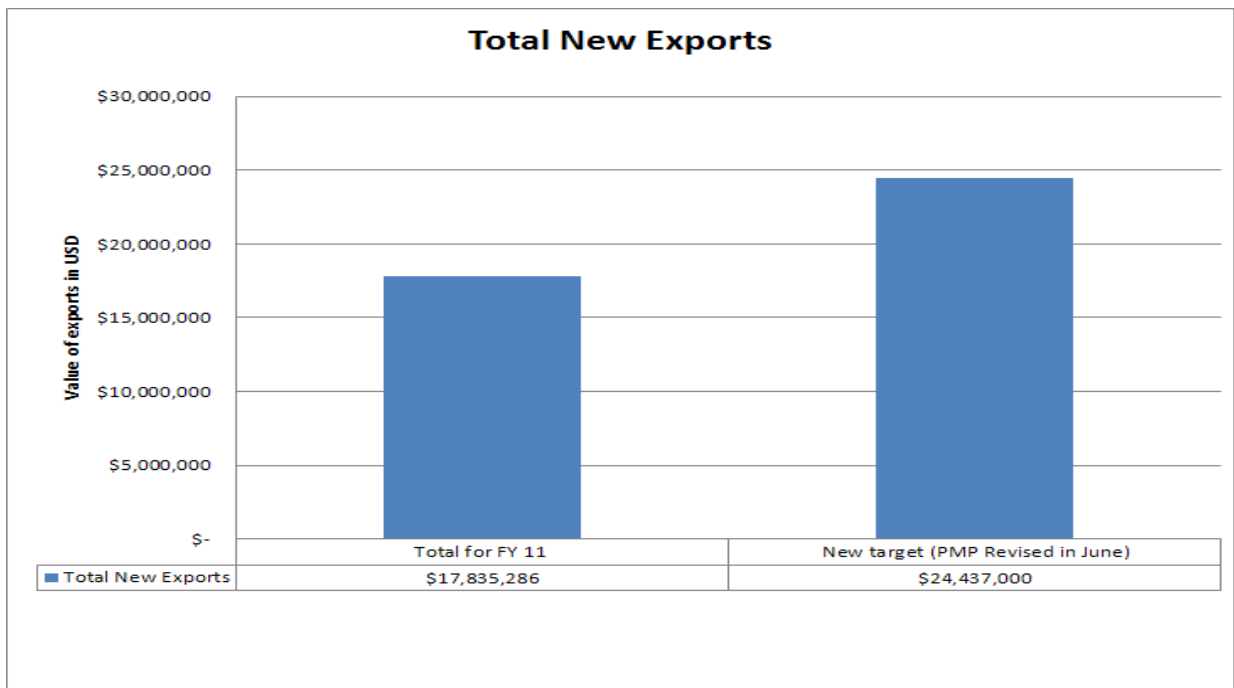
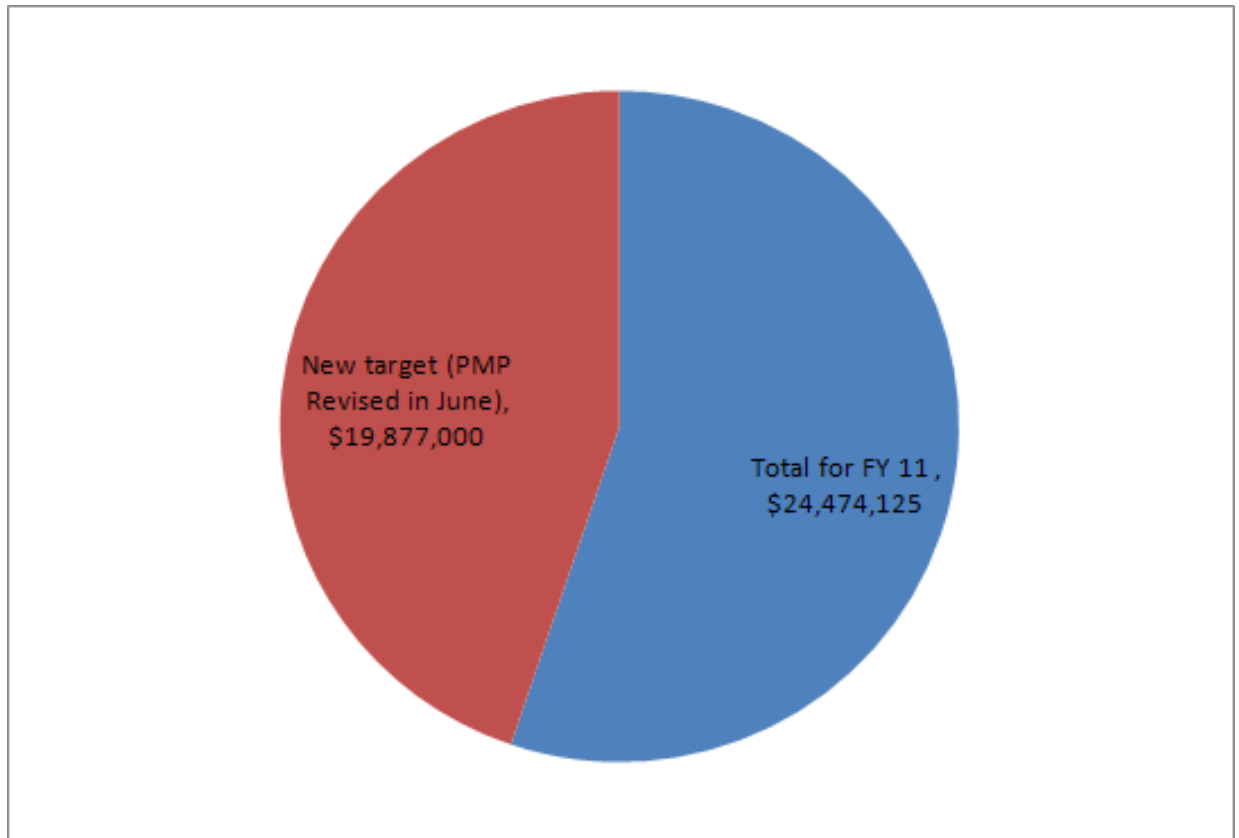


FIGURE 5 : PRIVATE SECTOR INVESTMENT



Source: AgriFUTURO, October 2011